

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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## MEMORANDUM

TO: Boston Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: January 20, 2017

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The largest governmental unit, the City, consistently makes its appropriation in July. However, some of the other governmental units make monthly payments or do not make the entire appropriation in July. The Board should consider either adjusting the overall assumed date of payment used in the funding schedule or adjusting the appropriation by individual unit, to reflect the expected date of future payments. We are available to discuss this with you further.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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**SECTION 2: Valuation Results for the Boston Retirement System - BRS excluding Teachers**

**CHART 2 - 17**  
**Funding Schedule**

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Inactive Sheriff Liability	(4) Amortization of Remaining Unfunded Liability	(5) Crossover Payment Savings	(6) Savings from Additional Payment in Fiscal 2011	(7) Total Employer Contributions: (2) + (3) + (4) + (5) + (6)	(8) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(9) Percent Increase in Total Cost
2017	\$47,060,502	\$3,874,532	\$208,964,617	-\$14,679,118	-\$9,449,629	\$235,770,904	\$1,540,003,515	7.75%
2018	48,795,675	3,874,533	228,095,168	-14,679,118	-9,449,629	256,636,629	1,522,019,369	8.85%
2019	50,594,246	3,874,533	249,008,939	-14,679,118	-9,449,629	279,348,971	1,484,765,124	8.85%
2020	52,458,513	3,874,533	271,867,056	-14,679,118	-9,449,629	304,071,355	1,413,463,194	8.85%
2021	54,390,858	3,874,533	296,845,026	-14,679,118	-9,449,629	330,981,670	1,304,598,792	8.85%
2022	56,393,749	3,874,533	324,134,013	-14,679,118	-9,449,629	360,273,548	1,154,027,742	8.85%
2023	58,469,742	3,874,533	353,942,229	-14,679,118	-9,449,629	392,157,757	956,935,161	8.85%
2024	60,621,483	3,874,533	386,496,449	-14,679,118	-9,449,629	426,863,718	707,784,502	8.85%
2025	62,851,720	3,874,533	420,511,756	-14,679,118	-9,449,629	463,109,262	400,257,538	8.49%
2026	65,163,293	0	0	0	0	65,163,293	0	-85.93%
2027	67,559,148	0	0	0	0	67,559,148	0	3.68%
2028	70,042,335	0	0	0	0	70,042,335	0	3.68%
2029	72,616,015	0	0	0	0	72,616,015	0	3.67%
2030	75,283,463	0	0	0	0	75,283,463	0	3.67%

*Notes: Recommended contributions are assumed to be paid on July 1.*

*Fiscal 2017 appropriation is budgeted amount determined with prior valuation.*

*Item (2) reflects 3.25% growth in payroll and 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to generational mortality assumption.*

*Projected normal cost does not reflect the future impact of pension reform for new hires.*

*Projected unfunded actuarial accrued liability reflects deferred investment losses.*

*Payment of \$12.0 million made on September 1, 2016 for fiscal 2016 is reflected in the unfunded actuarial accrued liability as of July 1, 2017.*